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REPORT
No. 98–60

FEDERAL COMMUNICATIONS COMMISSION AUTHORIZATION OF 1983

APRIL 15 (legislative day, APRIL 12), 1983.—Ordered to be printed

Mr. PACKWOOD, from the Committee on Commerce, Science, and Transportation, submitted the following

REPORT

[To accompany S. 607]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 607) to amend the Communications Act of 1934, having considered the same, reports favorably thereon with an amendment and recommends that the bill do pass.

PURPOSE OF THE BILL

The legislation authorizes appropriations for the Federal Communications Commission (FCC) for 2 years at $88,900,000 for each fiscal year 1984 and 1985.

BACKGROUND AND NEED

FCC AUTHORIZATION

The FCC was permanently authorized by Congress pursuant to the Communications Act of 1934, which established a regulatory body to oversee national communications policy. For decades, the communications environment was relatively placid, and the FCC could operate well within the boundaries of the original act.

Since 1934, telecommunications technology has advanced dramatically, making competition possible. The FCC has tried to keep pace, but its decisions promoting competition and deregulation have been subject to protracted judicial proceedings and administrative revision. The Commission is clearly stretching the 1934 act to its limits. The Committee finds that the public interest is not served by the delay,

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expense, and the difficulty in implementing these decisions. The Committee, therefore, has proposed comprehensive revisions to the Communications Act of 1934.

For the meantime, the Committee will exercise close oversight to ensure that the American people benefit from competition and deregulation. It is appropriate that such oversight take place regularly. Therefore, in 1981, Congress adopted a 2-year authorization for the FCC (Public Law 97–258). A 2-year authorization will provide that opportunity, and result in substantially reduced costs for the taxpayer.

AUTHORIZATION LEVEL

S. 607, as introduced, authorized appropriations to the FCC at $86.4 million for each fiscal year 1984 and 1985. The Committee amended the bill to increase the authorized level each year by $2.5 million for a total for each year of $88.9 million.

The Committee is concerned that at the $86.4 level the FCC would not be able to implement ongoing proceedings for the initiation of new services. For example, the Committee is concerned about the FCC's workload for the cellular radio service. The FCC took almost 13 years to complete the proceeding authorizing this service, and the Committee does not want the application process to be further delayed, depriving the American people of this service. From December 1981 to March 1983, the FCC received almost 1,100 cellular radio license applications. Because of the complexity of these proceedings, the FCC, under current funding levels, could not realistically expect to process all of these applications before the end of fiscal year 1985. Thus, the Committee orders the FCC to allocate $746,000 over the amount originally budgeted to processing the cellular radio applications. This should accelerate the process by at least 1 year.

As of January 1, 1983, the FCC had received about 3,000 applications to offer 900 MHz paging services. Although the FCC is at a relatively early stage in the processing of these applications, the Committee foresees substantial delays if additional resources are not allocated. The Committee seeks to add sufficient resources to increase the speed of license processing by at least 25 percent in fiscal year 1984 and fiscal year 1985. Thus, the Committee orders the FCC to allocate an additional $107,000 for processing the 900 MHz applications.

The Committee's highest priority is to ensure the continued, universal availability or reasonably priced telephone service in the United States. Past inflation, accelerated depreciation, and the growing competition in the provision of telephone service have placed tremendous pressure on policymakers and regulators alike to ensure against large increases in telephone service. Such increases might well lead customers to forego service as unaffordable. It is critical, therefore, that the Committee carefully oversee the FCC in its designing of a system that will not impair telephone service availability. In response to this concern, the FCC recently adopted a plan, including a Universal Service Fund, that will maintain a reasonable limit on the level of telephone rate increases to customers over the next few years (Docket 78–92). The Committee will watch closely the implementation of this decision.

It is clear that the FCC's workload will increase substantially when telephone companies file tariffs pursuant to this plan. The FCC needs

additional resources to respond. The Committee has allocated an additional $150,000 to implement the Access Charge docket. The FCC is expected to keep the Committee informed of the progress in implementing this proceeding and the resources devoted to it.

The FCC's Mass Media Bureau is facing a problem in processing FM radio service applications. The number of pending new and major changes in FM applications will increase by 14 percent in fiscal year 1984 over fiscal year 1983 levels and by 18 percent in fiscal year 1985 over fiscal year 1984 levels. In order to maintain, at the 1983 levels, the number of pending applications processed in fiscal year 1984 and fiscal year 1985, the Committee allocates an additional $291,000.

Pending before the FCC is Docket 80–90 (FM drop-ins), which, if adopted, would authorize up to an additional 1200 new FM stations. The FCC could not accommodate this workload at the $86,400,000 level. The Committee, therefore, allocates an additional $566,000 for these proceedings.

Also pending before the FCC is Docket 80–499 (VHF drop-ins), which, if adopted, may provide up to 300 new VHF television channels. The Committee has allocated an additional $90,000 for this proceeding.

If the FCC does not adopt either or both the FM drop-in or the VHF drop-in services, the Committee expects the FCC to present the Committee with a request for reallocating the additional funds.

The FCC should note that in regard to the adoption of new services the Committee is concerned about the FCC's commitment. There have been clear delays in adoption of such services. The Committee has often stated that new services mean economic growth and more jobs. The Committee belives the FCC needs to move more expeditiously on these new service proposals.

The FCC has made significant progress in developing an orderly system for processing low power television (LPTV) applications. The Committee expects that all data base projects necessary for the initiation of computer-assisted processing of LPTV applications, and the computer processing itself, will commence as of June 1983, as the FCC has testified before the Committee.

Despite this significant progress, the Committee remains concerned about the FCC's overall effort on low power television. Congress has tried to assist the processing of these applications by adding resources and establishing a lottery. The burden is clearly on the FCC to perform, and the Committee will be concerned if processing and grant goals are not met.

The Committee has also allocated an additional $500,000 to ensure a full workforce in the field offices. There were a substantial number of vacancies here in fiscal year 1983. The Committee is concerned that these offices be capable of performing its important services.

The Committee has also allocated $275,000 for the construction of the Anchorage, Alaska, monitoring station.

The Committee has allocated $50,000 to defray the expenses of the technical delegation from the Peoples' Republic of China. The Committee understands that a protocol governing these visits will be signed in May 1983. The $50,000 will be used to defray the in-country expenses of the delegates.

The Committee has generally supported the FCC's efforts to promote U.S. procompetitive policies in international telecommunications. We expect the FCC to continue its endeavors in the international marketplace, working in cooperation with other U.S. Government entities and the executive branch. The Committee further expects that the FCC will devote sufficient resources to fostering competition internationally.

Finally, the Tax Equity and Responsibility Act of 1982, section 331, provides for the reallocation of a VHF commercial channel television license to a State where no VHF commercial channel currently exists. The provision was intended to address the needs of the State of New Jersey, which had not received service tailored to suit New Jersey from licensees located in the neighboring states of New York and Pennsylvania. Chairman Fowler reported that the Commission has begun to implement the new law by approving the reallocation of the license of RKO General Inc., for WOR–TV on Channel 9, from New York to New Jersey. The FCC also determined that RKO must provide service to all of the Northern New Jersey grade B coverage area on a primary basis.

The Committee is pleased that the FCC has mandated primary service to Northern New Jersey. However, it was the clear intent of Congress that, to the extent possible, the holder of a reallocated license serve the previously met needs of the whole State. Consequently, the FCC should encourage additional efforts by the licensee to reach and serve other areas of New Jersey. It should also monitor the licensee's performance to ensure that the letter and intent of the law is met.

LEGISLATIVE HISTORY

S. 607 was introduced by Senator Goldwater, with Senators Pressler, Stevens, and Hollings as cosponsors, on February 28, 1983. The Subcommittee on Communications held hearings on March 9, 1983. The Committee has considered all views presented in recommending the legislation reported herein.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., April 13, 1983.

Hon. BOB PACKWOOD,
Chairman, Committee on Commerce, Science, and Transportation, U.S. Senate, Dirksen Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached revised cost estimate for S. 607, a bill to amend the Communications Act of 1934.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

ALICE M. RIVLIN, *Director.*

Congressional Budget Office—Cost Estimate

1. Bill number: S. 607.

2. Bill title: A bill to amend the Communications Act of 1934.

3. Bill status: As ordered reported by the Senate Committee on Commerce, Science and Transportation, March 22, 1983.

4. Bill purpose: S. 607 authorizes the appropriation of $88.9 million for each of the fiscal years 1984 and 1985 for the Federal Communications Commission (FCC). In addition, such additional sums as may be necessary for adjustments in salary, pay, retirement, other employee benefits and other nondiscretionary costs are also authorized for each fiscal year.

Fiscal year 1983 appropriations to date for the activities authorized by the bill are $79.8 million. The President's 1984 budget includes a request of $86.2 million for the FCC.

5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1984	1985	1986	1987	1988
Authorization level:					
Specified (function 370)	88. 9	88. 9	.....	.....	.....
Estimated (function 370)	3. 7	3. 2	.....	.....	.....
Total	92. 6	92. 1	.....	.....	.....
Estimated outlays:					
Function 370	83. 1	88. 9	5. 8	.....	.....
Estimated (function 920)	3. 3	3. 3	. 3	.....	.....
Total	86. 4	92. 2	6. 1	.....	.....

Including outlays from prior years' appropriations to date, total FCC outlays would be $91.6 million in 1984 and $92.2 million in 1985.

Basis of estimate: For purposes of this estimate, it was assumed that the amounts authorized in the bill for 1984 and 1985 would be appropriated prior to the beginning of each fiscal year. In addition, authorization for pay and other benefit increases were estimated based on CBO's baseline projections. Outlays reflect historical spending patterns.

6. Estimated cost to State and local governments: None.

7. Estimate comparison: None.

8. Previous CBO estimate: On April 6, 1983, CBO prepared a cost estimate for S. 607, as ordered reported by the Senate Committee on Commerce, Science and Transportation, March 22, 1983. That cost estimate reflected incorrect information regarding the Committee amendment. This revised estimate reflects the increase in the authorization level (to $88.9 million a year) adopted by the Committee.

9. Estimate prepared by: Mary Maginniss.

10. Estimate approved by:

James L. Blum,
Assistant Director for Budget Analysis.

Regulatory Impact Statement

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of this legislation:

S. 607, as reported, provides the necessary resources to allow the FCC to implement the deregulatory and procompetitive policies supported by the Congress.

Section-by-Section Analysis

S. 607 amends section 6 of the Communications Act of 1934 by authorizing appropriations of $88,900,000 for each year fiscal year 1984 and fiscal year 1985.

Changes in Existing Law

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new material is printed in italic, existing law in which no change is proposed is shown in roman):

Section 6 of the Communications Act of 1934 (47 U.SC. 156)

[AUTHORIZATION OF APPROPRIATIONS

[SEC. 6. There is authorized to be appropriated for the administration of this Act by the Commission $76,900,000, together with such sums as may be necessary for increases resulting from adjustments in salary, pay, retirement, other employee benefits required by law, and other nondiscretionary costs, for each of the fiscal years 1982 and 1983.]

AUTHORIZATION OF APPROPRIATION

SEC. 6. There are authorized to be appropriated for the administration of this Act by the Commission $76,900,000 for each of the fiscal years 1982 and 1983, and $88,900,000 for each of the fiscal years 1984 and 1985. Sums authorized by the preceding sentence shall be in addition to such sums as may be necessary for increases resulting from adjustments in salary, pay, retirement, other employee benefits required by law, and other nondiscretionary costs.

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